also announced in the Budget for 2006-07 and 2007-08 that a comprehensive Bill to amend the insurance laws would be introduced in the Parliament. Accordingly, the Insurance Laws (Amendment) Bill, 2006 was prepared and submitted to the Cabinet which has referred it to the Group of Ministers (GoM) for consideration and advice.

Institutional credit to farmers

2311. SHRI MOINUL HASSAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that due to non-availability of institutional credit, the farmers are forced to turn to private money lenders for loan at interest rates anywhere between 40 to 120 per cent per annum to purchase seeds, fertilizers and other agricultural inputs; and

(b) if so, what steps have been taken to increase institutional credit to farmers to make agriculture a viable option?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (c) The Agricultural Credit requirements of farmers are being met by a wide range of sources including government financial institutions, banks, loan providers from the private sector as well as their own resources. THe private lending to agriculture is not captured by the information system of NABARD and RBI. However, it has been observed from the situation assessment survey of farmers indebtedness of farmer households conducted by the National Sample Survey Organisation, in respect of the position during January to December 2003 that 57.6% of the loans are sourced from Government Sector (government cooperatives and banks) while 42.4% of the loans are sourced from private sector (professional money lenders, traders, relatives and others).

An Institutional Credit delivery mechanism is already in place to extend credit to farmers. The reach of these institutions is being further increased through various policy measures such as the Business Correspondent and Business Facilitator models and SHG-Bank Linkage Programme.

A Farm Credit Package was announced on June 18,2004 for doubling the flow of credit to agriculture by the formal Institutional Credit Structure.

The target of doubling of agriculture credit was achieved within two years itself. The target of agriculture credit and achievement against it from 2003-04 to 2006-07 (upto December) is as under:

(Rs. in crore)

Year	Target	Achievement
2003-04	No target fixed	86,981
2004-05	105,000	1,25,309
2005-06	141.000	1,80,486
2006-07*	175,000	1,49,343

*As on December 2006

To reduce the interest on Crop Loans availed by farmers for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrower's liability on the principal amount upto Rs. 1,00,000/- each was credit to their account. Thereafter, from Kharif 2006, to ensure that the farmer receives short-term production credit at 7% with an upper limit of Rs. 3 lacs on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on their borrowings from NABARD.

Targets have also been set for providing credit to tenant farmers/ share croppers through the mechanism of Joint Liability Groups. Banks are extending credit through their Bank-Self-Help Group linkage programme Banks are also endeavouring to give Kisan Credit Cards to all eligible farmers.

Rise in inflation due to buying of dollars by RBI

2312. SHRI V. HANUMANTHA RAO: WHI the Minister of FINANCE be pleased to state:

(a) whether it is a fact that foreign exchange reserves rose by US$5 billion in the week ending 9th February, 2007;

(b) whether it is also a fact that the increase in foreign exchange holdings is due to strong buying by the RBI;